

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15

STR-05 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 SOE-02

OMB-01 DOE-11 /123 W

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R 282239Z DEC 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5787

INFO USMISSION GENEVA

AMCONSUL MONTREAL

ALL OTHER CANADIAN CONSULS POUCH

UNCLAS OTTAWA 10607

USMTN AND ALSO USMISSION

E.O. 11652: N/A

TAGS: GATT, ETRD, CA

SUBJECT: CLOTHING IMPORT RESTRICTIONS

REF: OTTAWA 9228

FOLLOWING IS THE TEXT OF A DECEMBER 22 ANNOUNCEMENT BY THE  
MINISTERS OF INDUSTRY, TRADE AND COMMERCE AND FINANCE  
EXTENDING THE GLOBAL QUOTA ON IMPORTED CLOTHING UNTIL  
DECEMBER 31, 1978. THE ANNOUNCEMENT ALSO DEALS WITH THE  
CURRENT MULTILATERAL NEGOTIATIONS IN GENEVA ON THE RENEWAL  
OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN  
TEXTILES (ITA), AND POINTS OUT THAT BECAUSE, INTER ALIA,  
CANADA'S NEGOTIATIONS WITH MAJOR LOW-COST SUPPLIERS HAVE  
NOT YET BEEN COMPLETED, THE GOVERNMENT HAS DECIDED TO  
RESERVE ITS POSITION ON ACCEDING TO THE RENEWED ITA UNTIL  
SUCH TIME AS IT HAS CONCLUDED BILATERAL ARRANGEMENTS, A  
POSITION WHICH OTHER MAJOR IMPORTERS HAVE ALSO ADOPTED.  
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BEGIN TEXT.

OTTAWA, DECEMBER 22, 1977 -- THE MINISTER OF INDUSTRY,  
TRADE AND COMMERCE, THE HON. JACK H. HORNER, AND THE  
MINISTER OF FINANCE, THE HON. JEAN CHRETIEN, TODAY  
ANNOUNCED AN EXTENSION OF THE GLOBAL QUOTA ON IMPORTED

CLOTHING UNTIL DECEMBER 31, 1978. THE MINISTERS ALSO ANNOUNCED THAT BILATERAL NEGOTIATIONS WERE CONTINUING WITH THE MAJOR LOW-COST SUPPLIERS OF CLOTHING TO THE CANADIAN MARKET, WITH THE AIM OF REPLACING THE GLOBAL QUOTA WITH A SERIES OF THREE-YEAR BILATERAL RESTRAINT ARRANGEMENTS EFFECTIVE FROM JANUARY 1, 1979.

THE QUOTA WAS INTRODUCED NOVEMBER 29, 1976 TO STABILIZE THE CANADIAN CLOTHING MARKET AFTER THE SUDDEN SURGE OF IMPORTS WHICH OCCURRED IN 1976, AND WAS TO BE IN PLACE AT LEAST UNTIL JUNE 30, 1978. THE MINISTERS HAD ANNOUNCED OCTOBER 20, 1977, THAT IT WAS THE FEDERAL GOVERNMENT'S INTENTION TO REPLACE THE GLOBAL QUOTA WITH A SERIES OF BILATERAL RESTRAINT ARRANGEMENTS WITH THE MAJOR LOW-COS SUPPLIERS OF CLOTHING TO THE CANADIAN MARKET. THE EXTENSION OF THE QUOTA IS INTENDED TO MAINTAIN STABILITY IN THE CANADIAN CLOTHING MARKET WHILE NEGOTIATIONS CONTINUE, AND TO PROVIDE THE DOMESTIC BUSINESS COMMUNITY WITH THE CERTAINTY WHICH IT REQUIRES TO MEET MARKET DEMAND IN 1978.

THE GOVERNMENT CONSIDERS THAT, ON AN OVERALL BASIS, BILATERAL RESTRAINT ARRANGEMENTS WITH THE MAJOR LOW-COST SUPPLIERS ARE PREFERABLE TO GLOBAL QUOTAS AS THE MEANS FOR DEALING WITH DISRUPTIVE TRADE FLOWS. ALTHOUGH NO AGREEMENTS HAVE YET BEEN CONCLUDED, SEVERAL OF THESE UNCLASSIFIED

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SOURCES HAVE INDICATED AN UNDERSTANDING OF THE NEED TO ARRIVE AT MUTUALLY ACCEPTABLE BILATERAL SOLUTIONS.

THE MINISTERS INDICATED THAT ALL THE REQUIRED BILATERAL ARRANGEMENTS WOULD BE CONCLUDED PRIOR TO JULY 1, 1978 TO PERMIT AN ORDERLY TRANSITION FROM THE GLOBAL QUOTA INTO THE BILATERAL ARRANGEMENTS.

CANADA ALSO HAS BEEN ACTIVELY INVOLVED IN THE CURRENT MULTILATERAL NEGOTIATIONS IN GENEVA ON THE RENEWAL OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (ITA). CHANGES IN THE ARRANGEMENT WHICH WOULD MAKE IT MORE RESPONSIVE TO CANADA'S NEEDS ARE SOUGHT. SOME COUNTRIES HAVE AGREED ON A PROTOCOL TO EXTEND THE ITA FOR FOUR YEARS. AMONG OTHER THINGS, THE PROTOCOL PROVIDES FOR "REASONABLE DEPARTURES" FROM THE PROVISIONS OF THE ITA. IT IS NOT CLEAR WHETHER CANADA'S NEEDS ARE ADEQUATELY COVERED BY THESE TERMS OF THE PROTOCOL. BECAUSE OF THIS, AND AS CANADA'S NEGOTIATIONS WITH MAJOR LOW-COST SUPPLIERS HAVE NOT YET BEEN COMPLETED, THE GOVERNMENT HAS DECIDED TO RESERVE ITS POSITION ON ACCEDING TO THE RENEWED ITA UNTIL SUCH TIME AS IT HAS

CONCLUDED BILATERAL ARRANGEMENTS, A POSITION WHICH OTHER  
MAJOR IMPORTERS HAVE ALSO ADOPTED. END TEXT. ENDERS

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NNN

## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009